



UPDATED REPORT:

Killing The Minimum Wage
A Report On The Republican
Poison Pill Parade

HARD-WORKING AMERICANS
DESERVE A CLEAN VOTE ON \$7.25

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THE POISON PILL PARADE

REPUBLICANS AND THE MINIMUM WAGE

For years, Democrats have been pushing for an increase in the national minimum wage, which has been stuck at \$5.15 per hour since 1997. And for years, Republican leaders have blocked a vote on Democratic legislation that would raise the minimum wage. During this Congress, H.R. 2429, the Fair Minimum Wage Act of 2005, which would raise the minimum wage to \$7.25 in three steps over roughly two years, was introduced by Congressman George Miller (D-CA) in May 2005. For 15 months and counting, the Republican leadership has refused to hold a hearing, markup, or vote on this minimum wage bill, keeping it bottled up in Committee. In 2006, Democrats, led by Congressman Steny Hoyer (D-MD), amended the Labor-HHS appropriations bill in Committee to include similar provisions to raise the minimum wage. Since that bill was passed in Committee, the Republican leadership has refused to bring the bill to the floor to allow a vote by the full House on the minimum wage provisions.

In times past, with the American public staunchly supporting a wage increase, Republican leaders have found ways to create the appearance of a vote on the minimum wage while ensuring that the raise is attached to something known as a “poison pill,” that is, a guarantee that the raise will not ultimately pass both Houses. This year has been no different. Just before the summer recess, the Republican leadership once again poisoned a raise for America’s lowest-paid workers by attaching other anti-worker provisions to a wage increase bill.

Republicans have a penchant for trying to kill minimum wage increases by tying any increase to “poison pill” proposals which either (a) undermine the value of the increase for working people or (b) give inordinate benefits to the wealthy few. Each of the last five times a real vote on the minimum wage was imminent, the Republicans offered the Congress a parade of poison pills to stop an increase in pay for the country’s lowest-paid workers.

POISON PILL #4 ~ 2006 ~

The most recent example of a minimum wage raise killed by a Republican poison pill came as the Congress prepared to leave for its August recess this summer. In a late-night session of Congress, at 11:44 p.m. on July 28, 2006, the House Republican leadership opened debate on H.R. 5970, a bill introduced by Ways and Means Committee Chairman Bill Thomas (R-CA). The bill contained provisions to raise the minimum wage to \$7.25 per hour over three years, instead of the two years provided by the Democratic bill. It also contained two poison pills, guaranteed to ensure the bill would die in the Senate:



Cut tipped workers' wages in seven states, reducing low-income workers' pay by more than \$11,000 per year in some cases, and, for the first time ever, impose a federal ceiling on states' rights to provide workers with better wage protections than under federal law.



Shower hundreds of billions of dollars in estate tax cuts upon the nation's wealthiest families, at the expense of the federal budget.

The first poison pill undermined the value of the raise by cutting the wages of hundreds of thousands of workers in seven states and usurping the rights of states to provide those who work for tips with higher wages than federal law requires. Under the Republican bill, states which had passed laws to require employers of tipped employees to pay the full minimum wage would be prohibited from enforcing its state minimum wage laws with respect to those employees. Thus, tipped workers – such as waiters or beauty salon workers – in Washington, Oregon, California, Nevada, Minnesota, Montana, and Alaska would see immediate pay cuts. For example, a waiter in Washington would see his wage drop from the state minimum wage of \$7.63 per hour to the federal tip credit wage of just \$2.13 per hour – a cut of \$11,440 in annual income. Waiters at any restaurant with less than \$500,000 in annual gross receipts in any of these states would see their minimum wage drop to zero, as such workers would not be covered by federal law nor could their rights be enforced under the now-unenforceable state law.

The second poison pill undermined the federal budget by holding the minimum wage increase hostage to inordinate benefits for the wealthy few. Under the Republican bill, the estate tax would be rolled back – at a cost to the federal budget of \$268 billion between 2007 and 2016. During the first ten-year period with the tax cut fully in effect (2012-2021), it would cost \$808 billion. While the Democratic minimum wage proposal (an increase to \$7.25 per hour over two years) would benefit 6.6 million workers directly, the Republican proposal sought to kill that badly needed raise by raining tax cuts on a few thousand of the nation's wealthiest families. Ironically, since the last minimum wage increase in 1997, the Republican Congress has found the time and political will to reduce estate tax burdens nine times, without once increasing the minimum wage.

Both the tip credit wage cuts and the estate tax cuts meant the Republican bill would be “dead on arrival” in the Senate. As expected, the poison pills killed the minimum wage increase. Because 42 Senators would not stand for wage cuts for the working poor or massive tax cuts for those who need them the least, H.R. 5970 was stopped on a failed cloture motion, 56-42, on August 3, 2006.

Following the House ploy to create the illusion of a vote on the minimum wage while ensuring its ultimate defeat, Republicans quoted in the press revealed their true intentions, which had everything to do with election-year politics and nothing to do with helping the nation’s poorest working families. Representative Ray LaHood (R-IL) told the *Chicago Tribune*: “I think this gives ammunition to the 30 or 40 vulnerable [Republican] members. They can go home and cut a 30-second commercial on Monday saying ‘I’m for working people and I voted to raise the minimum wage to \$7.25 an hour.’” Representative Zach Wamp (R-TN) told proponents of the minimum wage increase: “You have seen us really outfox you on this issue tonight.”

See H.R. 5970, “The Estate Tax and Extension of Tax Relief Act of 2006,” (Cong. Rec. S8725-8746, August 3, 2006); Joel Friedman and Aviva Aron-Dine, “House Estate Tax Proposal Has Essentially the Same Large Long-Term Cost as Earlier Version,” Center on Budget and Policy Priorities, July 28, 2006; Jill Zuckman, “House Moves to Approve Minimum Wage Increase,” *Chicago Tribune*, July 28, 2006; Harold Meyerson, “Minimum Wage, Maximum Gall,” *Washington Post*, August 2, 2006.

POISON PILL #3 ~ 2005 AND 2006 ~

In the Senate, Democrats, led by Senator Edward Kennedy, offered an amendment to a bankruptcy bill in March 2005 and a defense appropriations bill in June 2006 that would increase the minimum wage to \$7.25 over two years. Republicans countered with their own amendment, riddled with poison pills which killed the increase. The identical amendments from Senators Santorum and Enzi, respectively, contained poison pills that would:

-  Drop the increase from \$7.25 over two years to only \$6.25 over two years.
-  Allow employers to refuse to pay workers up to 10 hours of earned overtime every 2 weeks.
-  Exempt over 10 million American workers from any minimum wage, overtime, or equal pay protections.
-  Invalidate state laws providing a minimum wage for tipped employees.

See S.Amdt. 128 to S.256, “The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005,” (Cong. Rec. S2188-2197, March 7, 2005); S. Amdt. 4376 to S.2766, “National Defense Authorization Act for Fiscal Year 2007,” (Cong. Rec. S6178-6185, June 20, 2006).

POISON PILL #2 ~ 1999 and 2000 ~

In the House, Democrats were pushing to raise the minimum wage from \$5.15 to \$6.15 over two years. The House Republicans offered a minimum wage increase in a tax bill loaded with goodies for the haves and the have-mores, at the expense of the federal budget. The Republican tax bill's poison pills would:

-  Make workers wait longer for their minimum wage increase, from two years to three.
-  Provide \$123 billion in tax cuts – 91% of which would have gone to the richest 10% of Americans, and 73.1% of which would have gone to the richest 1%.
-  Give upper-income taxpayers \$11 in tax breaks for every dollar in increased wages paid to low-wage workers.

See H. Conf. Rept. 106-1004 for H.R. 2614 (Cong. Rec. H10909-11188, October 24, 2000); Jared Bernstein, Robert S. McIntyre, and Lawrence Mishel, "Unbalanced Acts: A comparison of the proposed minimum wage and tax bills," Economic Policy Institute Issue Brief #138, March 8, 2000.

POISON PILL #1 ~ 1996 ~

In 1996, when the Congress passed the last minimum wage increase, Republicans repeatedly sought to derail the bill. The Republican poison pills attempted to lash out at workers' wages and workers' rights. The pills that the Republicans, like Speaker Newt Gingrich and Senate Majority Leader Bob Dole, promoted would:

-  Allow companies to cut workers' overtime pay.
-  Allow companies to pay even lower wages than the minimum wage during training periods.
-  Allow companies to set up company-dominated unions to undercut real unions, in a throwback to the 1920s.

See Jerry Gray, "A Frustrated Dole Temporarily Halts Minimum-Wage Talks," New York Times, May 15, 1996; "The House is to Vote within Two Weeks," Associated Press, May 11, 1996; Joan Lowy, "'Little' Bill a Big Threat to Wage, Gas Tax Plans," Chicago Sun-Times, May 12, 1996; Jim Abrams, "Dole Raps House GOP Moderates for Breaking Ranks," Associated Press, April 22, 1996.

HARD-WORKING AMERICANS DESERVE A CLEAN VOTE ON \$7.25

The American Dream should be possible for all Americans. During the Bush administration, millions of families have been locked out of economic prosperity because of failed economic policies and the failure of the Republican-controlled Congress to act on behalf of average families.

- **The minimum wage has not been raised since 1997.**
- **It is now at its lowest level in more than 50 years (adjusted for inflation).**
- **Nearly 15 million Americans will benefit from this minimum wage increase -- 6.6 million directly and 8.3 million indirectly. Three million children have parents who would benefit directly from the minimum wage increase.**
- **It now takes a full day's pay for a minimum wage earner to fill the gas tank. The average annual premium for family health insurance now exceeds the entire annual income of a full-time minimum-wage worker.**
- **A minimum wage worker working full-time earns just \$10,700 per year – \$5,900 less than is needed to lift a family of three out of poverty.**